Australia-US critical minerals deal: The "third pillar" of the military alliance

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Under the guise of addressing climate change, US President Joe Biden and Australian Prime Minister Anthony Albanese signed a deal last month aimed at undermining China's domination of the global production of critical minerals. The agreement, known misleadingly as the "Climate, Critical Minerals and Clean Energy Transformation Compact," is above all to ensure the US has access to key minerals vital for a broad range of applications, including military, as Washington intensifies its war drive against Beijing.

The document focusses exclusively on the climate crisis. The Compact, it declares, is a "framework which is designed to advance ambitious climate and clean energy action this decade… [and] to support the expansion and diversification of responsible clean energy and critical minerals supply chains."

Critical minerals that include lithium, cobalt, nickel, graphite, magnesium, manganese and rare earths are certainly essential to the burgeoning markets in technologies such as solar panels, wind turbines and electric vehicles being implemented to reduce dependence on fossil fuels. The current availability of these minerals is not in question. However, what Washington is determined to end is China's virtual monopoly, in many cases, of their production.

The US is certainly committed to ensuring that it is able to out-compete China in clean energy technologies and develop alternative supplies of solar panels and battery storage. But the chief motivation for the US pressing for the accelerated mining and production of critical minerals in Australia is strategic. In the event of war with China, it is critical for the US military and arms industry to have reliable access to supplies.

For more than a decade, the US, under Obama, Trump and now Biden, has been engaged in an intensifying confrontation with China on all fronts—diplomatic, economic and military. Biden has maintained and extended the economic sanctions and tariffs imposed by Trump as well as the US military build-up throughout the Indo-Pacific. He has deepened quasi-military pacts directed against China such as AUKUS with Australia and Britain, and the Quad with Australia, Japan and India.

As the timeframe for war has shortened, so the discussion in US strategic circles and the Pentagon on "securing supply chains" has become more urgent. It is no accident that the Compact establishes a US taskforce on critical minerals led by the US National Security Council, rather than agencies concerned with the economy or environment, in conjunction with Australia's Department of Industry, Science and Resources.

Moreover, Biden has undertaken to ask the US Congress to designate Australia as a "domestic source." Under America's Defence Production Act that would reduce any obstacles not only to acquiring Australian critical minerals but to the US funding mining and production in Australia. In other words, critical mineral production in Australia is to be boosted and directly linked into the Pentagon's war planning. Canada, with its huge mineral reserves, already has that status.

The military significance of the Compact is underscored by the comments of analysts cited by Australia's *Saturday Paper* in its May 27 article "Pentagon to secure Australian minerals in green deal"—virtually the only article to examine the implications of the agreement.

The US Council on Foreign Relations recently noted that Chinese companies own or finance many of the mines around the world and dominate the refining of critical minerals, including "65 percent of cobalt refining, nearly 60 percent of lithium refining, and as much as 95 percent of manganese refining."

Tim Buckley, resources analyst and director of Climate Energy Finance, told the *Saturday Paper*:

"China is not just the world's No. 1 in rare earths processing. In some cases there is no one else. You cannot run an Abrams tank, you can't run the air force, you can't do your satellites, you can't do your semiconductor chips without rare earths."

Under the AUKUS agreement, Australia is to acquire Virginia class nuclear-powered attack submarines from the United States—long-range submarines that can operate for lengthy times in waters close to the Chinese mainland. As James Bowen, policy fellow at the Perth USAsia Centre, told the newspaper, about four tonnes of rare earths are required to build a Virginia class submarine.

The Defence Production Act, Bowen explained, would enable the Pentagon "to finance key areas that are considered critical to US national security… to basically have the US Defense Department fund mines and probably processing in Australia as well."

In signing the Compact, Biden and Albanese declared cooperation on critical minerals to be "the third pillar of the alliance, alongside our defence and economic cooperation." In other words, while nominally to address the climate crisis, the real purpose of the agreement is seen in strategic terms, as a fundamental component of the US-Australia military alliance.

The vast Australian continent has large quantities of critical minerals, including 29 percent of the world's lithium reserves, 23 percent of nickel, and 20 percent of cobalt as well as 11 percent of copper and manganese. It also has abundant reserves of rare earths. At present, Australia accounts for more than half of the world's production of lithium, but the vast bulk is exported to China.

However, the restructuring of Australia's critical minerals industry is already underway—to expand domestic production and to limit or even block Chinese investment. Last November, Treasurer Jim Chalmers signalled greater scrutiny of foreign investment in critical minerals projects on the grounds of "national security." In February, he blocked a proposal by the Singapore-registered Yuxiao Fund, owned by a Chinese national, to nearly double its shareholding in rare-earths miner Northern Minerals.

The Compact signed by Biden and Albanese is part of the Biden administration's broader strategy to "de-couple," "de-link" or "de-risk" its economic relations with China. Last year, the US signed an agreement with a long list of allies in Europe and Asia for a Minerals Security Partnership to bolster "robust, responsible critical mineral supply chains to support economic prosperity and climate objectives."

The latest agreement with Australia and the speed of its envisaged implementation is another warning of the accelerating US drive to war with China. As it states, an action plan will be developed by the end of 2023 and "both countries are determined to, within 12 months, identify concrete actions toward the objectives laid out in this Compact."

Australian imperialism is already tied into US war plans and preparations through the close collaboration of their militaries, including large-scale joint war games and the expanding use of Australian military bases by US warships, warplanes and Marines. Politically, the Australian Labor government is functioning as Washington's point man in the region, cajoling and bullying governments to line up with the US.

The Compact makes clear that vital aspects of the Australian economy will be integrated into Washington's war economy as it hurtles towards a catastrophic conflict with China in a desperate bid to maintain its global dominion.